



# Employment Training Panel

Arnold Schwarzenegger, Governor

March 15, 2010

Transmitted Via Email

Scott Richardson  
HSBC Card Services, Inc.  
931 Corporate Center Drive  
Los Angeles, CA 91769  
[scott.d.richardson@us.hsbc.com](mailto:scott.d.richardson@us.hsbc.com)

Dear Mr. Richardson:

RE: **FINAL MONITORING VISIT REPORT** for HSBC 2 - ET08-0318

<b>Date of the Visit:</b>	02/16/10
<b>Beginning/Ending Time:</b>	1:30 p.m. – 2:30 p.m
<b>Date of Last Monitoring Visit:</b>	09/26/08
<b>Visit Location:</b>	Teleconference
<b>Persons in attendance:</b>	Richard Rossiter and Scott Richardson, HSBC Chris Mangels and Katie Cross, Training Funding Partners Lily Lai – Employment Training Panel
<b>Action Required:</b>	No

**CONTRACT INFORMATION:**

<b>Term of Agreement:</b>	12/31/07 – 12/30/09	<b>Agreement Amount:</b>	\$750,000
<b>Training Start Date:</b>	01/07/08	<b>No. to Retain:</b>	1,100
<b>Date Training must be Completed:</b>	09/25/09	<b>Range of Hours:</b>	24 - 200
<b>Type of Trainee:</b>	Retrainees	<b>Weighted Ave. Hours:</b>	Jobs 1 & 3: 43 Job 2: 73

**FINAL REPORT SUMMARY**

The Agreement was executed on February 8, 2008. No revisions were processed during the Agreement term.

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ETP (04/15/05)

Job #	Planned to Retain	Completed Training and Retention	Approximate Potential Earnings Based on Hours Recorded in the ETP Class/Lab Tracking Site
1	640	328	\$412,800
2	90	52	\$30,435
3	370	20	\$11,165
total	1,100	400	\$454,400

According to the data entered into the ETP Class/Lab Tracking System, training started on January 7, 2008, and ended on October 1, 2009. Of the 2,787 trainees enrolled, 400 completed all performance requirements. Based on the training hours recorded for trainees meeting the minimum hours, HSBC could potentially earn \$454,400, which represents approximately 61% of the Agreement amount.

Job 1 - Training progressed well and the company earned the max for this Job number.

Job 2 – 52 of the planned 90 trainees completed all performance requirement under this Job number which was to serve SET frontline workers branch operations staff. Primary reason for completing only 57% was due to business demands, according to the company representatives.

Job 3 – Only 20 trainees completed all performance requirements out of the planned 370 for this Job group, auto finance division. At the end of 2008, this division was being phased out as part of a global business strategy, thus the reason this Job number did not perform. Some employees were transferred into other divisions and some remained to service and closeout existing loans.

#### **INTERVIEW WITH CONTRACTOR REPRESENTATIVES:**

Both Mr. Rossiter and Mr. Richardson were not directly involved with the ETP Agreement during the implementation phase. The person who was directly involved in the day-to-day administration of the project left the company around mid-year 2009, and Mr. Richardson took over the responsibility of making sure the training documentation was delivered to TFP, the administrative subcontractor. Neither Mr. Rossiter nor Mr. Richardson was able to offer any insight into challenges or barriers faced by the company during training implementation.

Company representatives stated that the Business Skills, Continuous Improvement, and Computer Skills improved employees' overall knowledge of HSBC products, systems, and processes. The new skills attained by the trainees enhanced their abilities to respond to customer questions or issues, thus enhancing overall customer satisfaction. The new skills also improved the employees' chances of moving upwards within the organization.

#### **ATTENDANCE ROSTERS:**

Ms. Lai reviewed the attendance records of 30 trainees who were eligible for final payment. The review of the training records revealed that they were completed correctly and complied with ETP record keeping requirements.

Please be advised that these findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. It is your responsibility to ensure that all training records are in compliance with Panel requirements for auditing purposes. [Reference: Title 22 California Code of Regulations, Section 4442)]

**AUDIT:**

HSBC Card Services, Inc. will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

**RECORD RETENTION:**

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Lily Lai at 650.655.6934 or [llai@etp.ca.gov](mailto:llai@etp.ca.gov) within ten (10) working days from receipt of this report.

Sincerely,



Rosa Hernandez, Manager  
Sacramento Regional Office



Lily Lai, Contract Analyst  
San Francisco Bay Area Regional Office

cc: Kulbir Mayall, Manager, Fiscal and Certification  
Master File  
Project File